

**FairFX PLC**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**



# FairFX PLC

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# FairFX PLC

## COMPANY INFORMATION

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**Directors:** I A I Trafford–Taylor  
R Q M Cooper (appointed 28 January 2021)  
A J Phillips (appointed 28 January 2021)  
A J Quirke  
D J Kilner (appointed 28 January 2021)  
J Hickman  
M Boon  
S England (appointed 28 January 2021)

**Registered Number:** 05539698 (England and Wales)

**Registered Office:** Third Floor, Thames House  
Vintners Place  
68 Upper Thames Street  
London  
EC4V 3BJ  
England

**Principal banker:** Barclays Bank Plc  
1 Churchill Place  
Canary Wharf  
London  
E14 5HP  
England

**Independent Auditors:** PricewaterhouseCoopers LLP  
No 1 Spinningfields  
1 Hardman Square  
Manchester  
M3 3EB  
England

**Solicitors:** Browne Jacobson LLP  
6 Bevis Marks  
London  
EC3A 7BA  
England

# FairFX PLC

## STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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### About FairFX PLC ("The Company")

The Company is a leading payments company offering business and retail customers a suite of payment products across FX transactions and prepaid card solutions.

The payment products serving both business and personal customers through four inter-connected channels are: International Payments; Corporate Expenses platform and Travel Money, comprising currency cards and physical currency. The International Payments channel supports wire transfer foreign exchange transactions direct to bank accounts. For corporates, the Company has a market-leading business expenses solution based around its corporate platform and prepaid card, which yields significant cost savings via tighter control on expenses before they are incurred, coupled with eliminating inefficient processes. The Travel Money offerings (retail currency card and physical currency) represent cost-effective and secure methods for travellers to spend abroad.

### Principal activities

The principal activities of the Company during the year were to provide foreign exchange payment services to private clients and corporations through prepaid currency cards, travel cash and international money transfers. The Company is authorised by the Financial Conduct Authority under the Payment Services Regulations 2009 for the provision of payment services. The Company is a wholly owned subsidiary of Equals Group PLC ("the Group"). In line with Group strategy, the Company has been focussing on growing its B2B customer base with investment in products and its sales and marketing and support teams.

### Corporate Actions

As part of a restructuring of the Group, the parent company, Equals Group PLC, agreed to capitalise an intercompany loan of £21.9 million into the Company during the year in exchange for new shares (see note 17) and the Company acquired the business and assets ("City Forex") of its fellow subsidiary, City Forex Limited (see note 13). Later in the year the Company purchased the customer book and intellectual property rights ("Effective FX") of Effective FX Limited a London-based international payments business servicing both corporate and private clients (see note 13). The deal is structured with minimal cash outlay upfront and a self-funding earnout process over three years.

### Review of business

The Directors are pleased to report that through a challenging year, the Company has come out the other side with a strong cash and trading position and is in excellent shape to enjoy any upside in the UK economic recovery expected in 2021. The consolidation of turnover, revenues and costs following the Group re-structure and acquisitions has allowed the Company to extract economies of scale benefits with the supply chain and internally in the latter half of 2020 and this will continue into 2021.

The Company's gross currency sold rose 73% to £2.4 billion (2019: £1.4 billion). Revenue increased by 12% to £21.4 million (2019: £19.1 million) with an increase in International Payments revenue of 93% from £7.7 million to £14.9 million more than offsetting a decrease of 48% in Cards revenue, from £11.3 million to £5.9 million. Revenue margin (revenue over gross currency sold) decreased to 0.9% (2019: 1.4%)

Gross profit was £13.7 million (2019: £11.9 million), up 16% on 2019. Company gross profit is stated after the deduction of direct costs which rose by 6% to £7.7 million (2019: £7.2 million). The gross profit margin (gross profit over revenue) remained consistent at 64%.

Administrative costs increased by £5.7 million (50%) to £17.0 million (2019: £11.3 million) which was due primarily to a full year of payroll and other additional costs arising from the acquisitions in the previous year and ongoing costs associated with the acquisitions of City Forex and Effective FX in the current year.

The loss before tax for the year increased from £1.0 million to £6.4 million, primarily as a result of the £5.7 million increase in administrative costs.

The net cash position of the Company at 31st December 2020 was £7.6 million, excluding client funds (2019: £7.8 million), including a £2 million loan under the Government CBIL scheme (see note 18). Accordingly, the Company has sufficient cash resources to continue implementing its growth strategy.

### Principal risks and uncertainties

The Directors have reviewed the risks and uncertainties facing the Company and consider the key risks to be fraud and money laundering, inherent risks in a regulated payments company. As a consequence, the Company has robust policies in place to mitigate this risk, including client onboarding and anti-money laundering controls and procedures.

A description of the financial risks of the Company and measures taken to mitigate them may be found in note 21.

# FairFX PLC

## STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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### Outlook

The Company, along with the Group, will continue to align its marketing efforts across its brands as well as its development across the B2B business. B2B will continue to remain the focus, with the Company contributing to the Group focus on offering a unified platform of payments, cards and current account solutions, supported by impressive infrastructure and customer service capability to provide a superior customer experience.

### Compliance with Companies Act 2006, Section 172 Statement

Under Section 172 of the Companies Act 2006, the Directors have a duty to act in good faith, which would most likely promote the success of the company for the benefit and interests of all its stakeholders as a whole. The Company's stakeholders include, but are not limited to, its employees; suppliers; customers and regulators.

The Board endeavours to achieve and maintain a reputation for high standards of conduct amongst its stakeholders which it regards as crucial in its ability to successfully achieve its corporate objectives. During the development of the Company's strategies and decision making processes, the Board will consider its stakeholders and their interests. The differing interests of stakeholders require the Board to assess and manage the impact of its policies in a fair and balanced manner to the benefit of its stakeholders as a whole.

The Board considers below these different stakeholders, their material issues and how the Company engages with them.

### Employees

The employees are one of the greatest assets to the Company. Their interests, which include training and development; a safe environment to work; diversity and inclusion; fair pay and benefits; reward and recognition are a high priority. On a day-to-day basis, Directors engage directly with employees promoting an open, non-hierarchical culture, in which employees have an active contribution to the Group's success. Fortnightly "All Hands" meetings, Company updates and staff feedback questionnaires are performed, and the Board will actively reflect on these when making decisions. Regular management training, internship programmes, personal development and performance reviews all contribute to the development of staff.

### Suppliers

Supplier interests include fair trading, payment terms and working towards building a successful relationship. The Company will regularly review its supplier payments and performance alongside its monitoring of its performance. All suppliers, particularly low value suppliers are paid promptly on their invoices being validated by the approved personnel in the Company. The Company has processes in place in order to combat modern slavery in the business and its supply chains, and details of these can be found in the published Modern Slavery Statement at <https://www.equalsplc.com/content/investors/corporate-governance>

### Customers

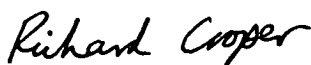
Customers are interested in successful product availability and usage; fair pricing and adherence to regulations. The Company wants to achieve the highest level of customer service and will regularly review feedback and reviews it receives from its customers. The Company operates under an open and transparent pricing model with its customers.

### Regulators and Compliance

The Company is regulated by the Financial Conduct Authority(FCA) to carry out payment services as an Authorised Payment Institute under the Payment Services Regulation 2017 and by Hm Revenue and Customs (HMRC) for Money Laundering Regulations. The Company ensures compliance with the FCA and HMRC through the exercise of management and control by ensuring good corporate governance, applying appropriate policies and undertaking staff training.

All staff receive the relevant Anti-Bribery and Anti-Money Laundering training as the nature of the business may result in a higher risk of money laundering. Procedures and communications are in place to ensure that staff are able to comply with Anti-Money Laundering should there ever be a case.

The Strategic Report on pages 3 to 4 was approved and authorised for issue by the Board on 21 June 2021, and was signed on its behalf by:



Richard Q M Cooper  
Director

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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The Directors present their annual report and audited financial statements for the year ended 31 December 2020.

### General information

The Company is a public company, limited by shares, incorporated in England and Wales. The Company is authorised by the Financial Conduct Authority under the Payment Services Regulations 2009 for the provision of payment services. The Company financial statements have been prepared in accordance with the Company's accounting policies under International Accounting Standards (IFRS) in conformity with the requirements of the Companies Act 2006.

### Results and dividends

The results for the year are shown on page 10. The Company made a loss before taxation for the year of £6,410,428 (2019: £1,018,819 loss). The Directors do not recommend the payment of a dividend for the year ended 31 December 2020 (2019: nil).

The Strategic Report set out on pages 3 to 4 provides an assessment of the Company's financial performance throughout the year.

### Directors

The following Directors have held office during the financial year and up to the date of approval of these financial statements:

I A I Trafford-Taylor  
R Q M Cooper (appointed 28 January 2021)  
A J Phillips (appointed 28 January 2021)  
A J Quirke  
D J Kilner (appointed 28 January 2021)  
J Bean (resigned 9 October 2020)  
J Hickman  
M Boon  
S England (appointed 28 January 2021)

### Risk and risk management

The Company's exposure to risks and uncertainties is outlined in the Strategic Report and note 21.

### Auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors and a resolution seeking to reappoint them will be proposed at the General Meeting of the Company.

### Disclosure of information to the auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### Post balance sheet events

On 1 January 2021, the UK Brexit transition period ended and the UK was therefore no longer a member of the European Union (EU) single market and customs union. The impact on the Company is considered to be limited as it has no significant customer activity in the EU and does not acquire any goods or services from the EU. The wider Group is considering alternative access arrangements to the EU and these will be shared with the Company if and when they become available.

### Going concern

Based on the Company's budgets and financial projections, the Directors are satisfied that the business is a going concern and therefore the financial statements have been prepared on a going concern basis. This assessment is based on whether there is sufficient liquidity and financing to support the business, the post balance sheet trading of the Company, the regulatory environment and the effectiveness of risk management policies. The Company is satisfied with the adequacy of its cash position.

### Outlook

The Strategic Report includes an outlook for the forthcoming financial year.

The Directors' Report was approved by the Board on 21 June 2021 and signed on its behalf by:



Richard Q M Cooper

Director

## FairFX PLC

### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC AND DIRECTORS' REPORTS AND THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state that international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board on 21 June 2021 and signed on its behalf by



**Richard Q M Cooper**  
Director

# ***Independent auditors' report to the members of FairFX PLC***

## **Report on the audit of the financial statements**

### **Opinion**

In our opinion, FairFX Plc's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: Statement of financial position as at 31 December 2020; Statement of comprehensive income, Statement of changes in equity & Statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### **Conclusions relating to going concern**

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

# ***Independent auditors' report to the members of FairFX PLC (continued)***

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Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

## **Strategic report and Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

## **Responsibilities for the financial statements and the audit**

### **Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK regulatory principles, primarily those governed by the Financial Conduct Authority (FCA), and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations;
- Reading and evaluating key correspondence with the Financial Conduct Authority in relation to compliance with laws and regulations;
- identifying and testing journals entries meeting specific fraud criteria; and
- challenging assumptions made by management in its significant accounting estimates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

# ***Independent auditors' report to the members of FairFX PLC (continued)***

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## **Use of this report**

This report, including the opinions, has been prepared for and only for the Company's directors as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## **Other required reporting**

### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Daniel Brydon (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
21 June 2021

# FairFX PLC

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

|  | Note | 2020<br>£     | 2019<br>£     |
|--|------|---------------|---------------|
| Gross value of currency transactions sold*                         | 3.3  | 2,392,902,356 | 1,380,602,607 |
| <b>Revenue on currency transactions</b>                            | 4    | 21,390,844    | 19,102,774    |
| Direct costs   |      | (7,661,608)   | (7,248,365)   |
| <b>Gross profit</b>  |      | 13,729,236    | 11,854,409    |
| Credit impairment charge   | 15   | (261,244)     | -             |
| Administrative expenses  |      | (16,693,132)  | (11,322,374)  |
| Amortisation   |      | (2,851,820)   | (1,405,852)   |
| <b>Operating loss</b>  | 5    | (6,076,960)   | (873,817)     |
| Finance costs  | 10   | (333,468)     | (145,002)     |
| <b>Loss before tax</b>   |      | (6,410,428)   | (1,018,819)   |
| Tax credit   | 8    | 1,487,687     | 1,741,585     |
| <b>(Loss) / profit for the year and total comprehensive income</b> |      | (4,922,741)   | 722,766       |

All income and expenses arise from continuing operations.

\* Gross value of transactions sold is a non-GAAP measure and represents gross value of currency transactions sold to customers. See Note 3.3 for more guidance.

The notes on pages 15 to 39 form an integral part of these financial statements.

# FairFX PLC

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

|  | Note | 2020<br>£         | 2019<br>£         |
|--|------|-------------------|-------------------|
| <b>ASSETS</b>                                |      |                   |                   |
| <b>Non-current assets</b>                    |      |                   |                   |
| Property, plant and equipment                | 9    | 1,454,742         | 1,495,368         |
| Right of use asset                           | 10   | 5,116,476         | 4,277,569         |
| Intangible assets                            | 11   | 15,840,007        | 11,904,192        |
| Deferred tax asset                           | 8    | 2,390,655         | 2,197,655         |
| Investments                                  | 12   | 2,235,625         | 2,235,625         |
|  |      | <b>27,037,505</b> | <b>22,110,409</b> |
| <b>Current assets</b>                        |      |                   |                   |
| Inventories                                  | 14   | 155,033           | 226,992           |
| Trade and other receivables                  | 15   | 9,811,745         | 10,153,277        |
| Derivative financial assets                  | 20   | 1,852,403         | 3,046,974         |
| Cash and cash equivalents                    | 16   | 7,630,869         | 7,762,872         |
|  |      | <b>19,450,050</b> | <b>21,190,115</b> |
| <b>TOTAL ASSETS</b>                          |      | <b>46,487,555</b> | <b>43,300,524</b> |
| <b>EQUITY AND LIABILITIES</b>                |      |                   |                   |
| <b>Equity attributable to Equity holders</b> |      |                   |                   |
| Share capital                                | 17   | 12,500,000        | 10,104,753        |
| Share premium                                |      | 24,955,321        | 5,428,121         |
| Share based payment reserve                  |      | 1,380,579         | 1,323,927         |
| Accumulated losses                           |      | (13,272,513)      | (8,349,772)       |
| <b>Total Equity</b>                          |      | <b>25,563,387</b> | <b>8,507,029</b>  |
| <b>Non-Current liabilities</b>               |      |                   |                   |
| Borrowings                                   | 18   | 2,000,000         | -                 |
| Lease liability                              | 10   | 4,663,128         | 4,063,567         |
| Deferred tax liability                       | 8    | 2,742,193         | 1,937,693         |
|  |      | <b>9,405,321</b>  | <b>6,001,260</b>  |
| <b>Current liabilities</b>                   |      |                   |                   |
| Trade and other payables                     | 19   | 8,877,524         | 25,274,014        |
| Lease liability                              | 10   | 775,890           | 465,124           |
| Derivative financial liabilities             | 20   | 1,865,433         | 3,053,097         |
|  |      | <b>11,518,847</b> | <b>28,792,235</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>          |      | <b>46,487,555</b> | <b>43,300,524</b> |

The notes on pages 15 to 39 form an integral part of these financial statements.

# FairFX PLC

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

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The financial statements on pages 10 to 39 were approved and authorised for issue by the Board on 21 June 2021 and were signed on its behalf by:

*Richard Cooper*

Richard Q M Cooper  
Director

# FairFX PLC

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

|  | Share<br>Capital  | Share<br>Premium  | Share<br>Based<br>Payment<br>reserve | Accumulated<br>losses | Total Equity      |
|--|-------------------|-------------------|--------------------------------------|-----------------------|-------------------|
|  | £                 | £                 | £                                    | £                     | £                 |
| <b>Balance as at 1<br/>January 2019</b>                      | 10,104,753        | 5,428,121         | 1,726,798                            | (9,072,538)           | 8,187,134         |
| Profit and total<br>comprehensive<br>income for the year     | -                 | -                 | -                                    | 722,766               | 722,766           |
| Movement in<br>deferred tax through<br>equity                | -                 | -                 | (525,480)                            | -                     | (525,480)         |
| Share based<br>payment charge<br>(note 22)                   | -                 | -                 | 122,609                              | -                     | 122,609           |
| <b>Balance as at 31<br/>December 2019</b>                    | 10,104,753        | 5,428,121         | 1,323,927                            | (8,349,772)           | 8,507,029         |
| Loss and total<br>comprehensive<br>income for the year       | -                 | -                 | -                                    | (4,922,741)           | (4,922,741)       |
| Movement in<br>deferred tax through<br>equity                | -                 | -                 | (387,477)                            | -                     | (387,477)         |
| Share based<br>payment charge<br>(Note 22)                   | -                 | -                 | 444,129                              | -                     | 444,129           |
| New shares<br>capitalising<br>intercompany debt<br>(Note 17) | 2,395,247         | 19,527,200        | -                                    | -                     | 21,922,447        |
| <b>Balance as at 31<br/>December 2020</b>                    | <b>12,500,000</b> | <b>24,955,321</b> | <b>1,380,579</b>                     | <b>(13,272,513)</b>   | <b>25,563,387</b> |

The notes on pages 15 to 39 form an integral part of these financial statements.

# FairFX PLC

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

|   | Note | 2020<br>£          | 2019<br>£           |
|---|------|--------------------|---------------------|
| Operating loss for the year                                   |      | (6,076,960)        | (873,817)           |
| <b>Cash flow from operating activities</b>                    |      |                    |                     |
| <i>Adjustments for:</i>                                       |      |                    |                     |
| Depreciation  | 5    | 1,227,369          | 779,166             |
| Amortisation  | 5    | 2,851,820          | 1,405,852           |
| Share based payment charge                                    | 5    | 444,129            | 122,609             |
| Decrease / (increase) in trade and other receivables          |      | 206,295            | (2,104,715)         |
| Decrease/ (increase) in derivative financial assets           |      | 1,723,895          | (3,090,071)         |
| Increase in trade and other payables                          |      | 326,263            | 16,582,093          |
| (Decrease) / increase in derivative financial liabilities     |      | (1,717,905)        | 3,363,304           |
| Decrease in inventories                                       |      | 71,959             | 39,389              |
| Net cash (outflow) / inflow                                   |      | <b>(943,135)</b>   | <b>16,223,810</b>   |
| Tax receipts  |      | 2,412,201          | 887,525             |
| <b>Net cash generated from operating activities</b>           |      | <b>1,469,066</b>   | <b>17,111,335</b>   |
| <b>Cash flows from investing activities</b>                   |      |                    |                     |
| Acquisition of property, plant and equipment                  | 9    | (127,319)          | (1,252,714)         |
| Acquisition of intangibles                                    | 11   | (4,198,872)        | (9,430,402)         |
| Acquisition of business                                       |      | (255,433)          | -                   |
| Transfer from fellow undertaking                              | 13   | 1,949,954          | -                   |
| Investment in subsidiary undertaking                          |      | -                  | (2,235,625)         |
| <b>Net cash used in investing activities</b>                  |      | <b>(2,631,670)</b> | <b>(12,918,741)</b> |
| <b>Cash flows from financing activities</b>                   |      |                    |                     |
| New borrowings  | 18   | 2,000,000          | -                   |
| Interest charge on finance lease                              |      | (185,639)          | (145,002)           |
| Principal elements of lease payments                          |      | (783,760)          | (296,684)           |
| <b>Net cash generated from / used in financing activities</b> |      | <b>1,030,601</b>   | <b>(441,686)</b>    |
| <b>Net (decrease) / increase in cash and cash equivalents</b> |      | <b>(132,003)</b>   | <b>3,750,908</b>    |
| <b>Cash and cash equivalents at the beginning of the year</b> |      | <b>7,762,872</b>   | <b>4,011,964</b>    |
| <b>Cash and cash equivalents at the end of the year</b>       | 15   | <b>7,630,869</b>   | <b>7,762,872</b>    |

The notes on pages 15 to 39 form an integral part of these financial statements.

# FairFX PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1. General information

The Company is a public limited liability company, limited by shares, incorporated and domiciled in England and Wales. The Company is a wholly owned subsidiary through direct holdings of Equals Group PLC.

### 2. New standards, amendments and interpretations to published standards

New and revised accounting standards and interpretations adopted, none of which had any material impact to the Company:

- *Amendments to References to Conceptual Framework in IFRS Standards*
- *Definition of Material (Amendments to IAS 1 and IAS 8)*
- *Definition of a Business (Amendments to IFRS 3)*
- *Covid-19-Related Rent Concessions – Amendment to IFRS 16*

**New standards, amendments and interpretations issued but not yet effective**, none of which is expected to have a material impact on the Company:

- *Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) (effective 1 January 2021)*
- *Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) (effective 1 January 2022)*
- *Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) (effective 1 January 2022)*
- *IFRS 17 Insurance Contracts (effective date of 1 January 2023)*
- *Classification of Liabilities as Current or Non-current (Amendments to IAS 1) (effective date of 1 January 2023)*

### 3. Basis of presentation and significant accounting policies

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements have been prepared on a historical cost basis with the exception of derivative financial instruments which are measured at fair value through profit or loss.

#### 3.1 Basis of presentation

These financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. The financial statements are presented in sterling, the Company's presentational currency.

IFRS requires management to make certain accounting estimates and to exercise judgement in the process of applying the Company's accounting policies. These estimates are based on the Directors best knowledge and past experience and are explained further in note 3.23.

The Company is a parent company and is itself a wholly owned subsidiary of Equals Group PLC, which produces consolidated financial statements in accordance with IFRS and which are available for public use. The Company has taken advantage of the exemption available under S401 CA 2006, not to present separate consolidated financial statements.

#### *Going Concern*

Details of the Company's business activities, results, cash flows and resources, together with the risks it faces and other factors likely to affect its future development, performance and position are set out in the strategic report. The Company is regulated by Financial Conduct Authority and perform annual capital adequacy assessments. Consideration was given to whether there is sufficient liquidity and financing to support the business, the post balance sheet trading of the Company, the regulatory environment and the effectiveness of risk management policies. The Board therefore has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and therefore the financial statements are prepared on a going concern basis.

# FairFX PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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### 3.2 Foreign currency

In preparing these financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transaction. At each statement of financial position date monetary items in foreign currencies are translated at the rate prevailing at statement of financial position date.

Exchange differences arising on the settlements of monetary items and on the retranslation of monetary items are included in the consolidated statement of comprehensive income for the year.

### 3.3 Gross value of currency transactions sold

The gross value of currency transactions sold and purchased represent the gross value of currency transactions undertaken with customers by the Company, where the net is reported as Revenue. These values are a non-GAAP measure and therefore disclosed as additional information in the statement of comprehensive income.

### 3.4 Income recognition

Revenue is recognised at the fair value of consideration receivable and comprises the following elements:

#### *(i) Deliverable FX trades (international payments and travel cash)*

Revenue is recognised when a binding contract is entered into by a customer and the margin is fixed and determined. The revenue, represented by the margin, is the difference between the rate offered to customers and the rate the Company receives from its liquidity providers.

#### *(ii) Currency cards*

There are two distinct revenue streams, FX card load orders and transaction-based charges. Revenue on FX card load orders onto non-GBP currency cards is recognised when a binding order is entered into by a customer, the margin is fixed and determined, and the foreign currency has been loaded onto their currency card. The revenue, represented by the margin, is the difference between the rate offered to customers and the rate the Company receives from its liquidity providers. The transaction-based charges are recognised at the time the transaction is entered into by the customer and deducted from the customer's account.

### 3.5 Pension Costs

The Company operates a defined contribution pension scheme and outsources the administration of the pension scheme to a third party. The Company contributes to the pension scheme in line with Auto-enrolment obligations as defined in the Pensions Act 2008 and passes on the employer and employee contributions to the pension scheme administrator on a monthly basis. The employer contributions are recognised as they occur through the payroll.

### 3.6 Share-based payments

Employees (including Directors) of the Company receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions). In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured as the difference between fair value of the share-based payment and the fair value of any identifiable goods or services received at the grant date. The cost of equity-settled transactions with employees, is measured by reference to the fair value at the date on which they are granted. The fair value is determined using an appropriate pricing model, further details of which are given in note 22.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date'). The cumulative expense recognised for equity settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied. Where the terms of an equity-settled award are modified, the minimum expense recognised is the expense as if the terms had not been modified. An additional expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement or is otherwise beneficial to the employee as measured at the date of modification. Where an equity settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award.

# FairFX PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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### 3.7 Research and development

Research costs are expensed as incurred. Expenditure on IT software and development is recognised as an intangible asset only if the expenditure can be measured reliably, the when the intangible asset is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and sell the asset. Subsequently development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

### 3.8 Treatment of Research and Development Tax Credits

Research and development tax credits are treated as taxation credits as defined under IAS12 *Income Taxes* with a credit recorded in the year to which the claim relates.

### 3.9 Taxation

The tax expense comprises current and deferred tax and R&D tax credits.

### 3.10 Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### 3.11 Intangible assets

#### *(i) Recognition and measurement*

Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Other intangible assets, including customer relationships, patents and trademarks that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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### *(ii) Amortisation*

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss. Goodwill is not amortised. The estimated useful lives for current and comparative periods for other intangibles assets are as follows:

|  |           |
|--|-----------|
| Trademarks, licenses and non-patented technology | 5 years   |
| Customer relationships                           | 6-9 years |

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

### **3.12 Property, plant and equipment**

Items of property, plant and equipment are stated at cost of acquisition or production cost less accumulated depreciation and impairment losses. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method, on the following basis:

|                        |          |
|------------------------|----------|
| Plant and equipment    | 20 - 50% |
| Fixtures and fittings  | 20%      |
| Leasehold improvements | 10 - 25% |

### **3.13 Inventories**

Inventories comprise of stock of prepaid currency cards not yet distributed to customers. Inventories are valued at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition. There are no currency amounts loaded on stock of prepaid currency cards.

### **3.14 Trade and other receivables**

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Company's impairment policies and the calculation of the loss allowance are provided in note 3.21.

### **3.15 Derivative financial assets and liabilities**

Derivative financial assets and liabilities are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are included in the income statement. The Company's derivative financial assets and liabilities at fair value through profit or loss comprise solely of forward foreign exchange contracts.

### **3.16 Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### **3.17 Cash and cash equivalents**

These include cash in hand and deposits held at call with banks. Any cash held on behalf of customers is segregated from operational cash and safeguarded in accordance with our regulatory obligations. Any cash held on behalf of customers is segregated from operational cash and safeguarded in accordance with our regulatory obligations. The risks and rewards to the Company that arise from the holding of customer money are principally vested with the customers. As a result, the Company does not account for customer cash in the Company's financial statements.

### **3.18 Trade and other payables**

These are initially recognised at fair value and then carried at amortised cost using the effective interest method. The Company does not account for customer cash and the associated customer liability in the Company's financial statements, as the risks and rewards that arise are principally vested with the customers.

# FairFX PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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### 3.19 Provisions

A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessment of the time value of money and, where appropriate, the risks specific to the liability.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the consolidated statement of financial position date.

### 3.20 Leases

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

The Company recognises a right of use asset and a corresponding liability at the date at which the leased asset is available for use. Lease liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments), less any lease incentives receivable. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right of use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs.

Right of use assets are depreciated using the straight-line basis over the lease term at a rate between 10-25%.

The Company applies the following practical expedients permitted by the standard:

- excluding short term leases (less than 12 months) and low-value items
- exercising extension options where the contract contains a provision.

There are no variable payment terms in current leases.

### 3.21 Impairment

#### A. Financial assets

IFRS 9 offers two approaches for measuring and recognising the loss allowance: General and Simplified. General approach should be applied for all financial assets subject to impairment, except for trade receivables or contract assets (IFRS 15) without significant financing component for these assets simplified approach should be applied.

The Company's financial instruments measured at amortised cost falling within the scope of the standard are (i) trade and other receivables and (ii) cash and cash equivalents. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

#### Trade and other receivables

The Company applies the IFRS 9 simplified approach. The Company does not track changes in credit risk, instead the Company recognised a loss allowance based on lifetime expected credit loss ("ECL") at each reporting date.

# FairFX PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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### 3.22 Judgements and estimates

The preparation of the Company's financial statements requires management to make estimates, judgements and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

#### A. Judgements

The judgements made in applying the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements were as follows:

##### (i) Technology development intangibles

Development costs are capitalised based on management's judgements that the project is technologically and economically feasible, the asset is expected to generate future net cash inflows and a successful outcome is probable in accordance with IAS 38 *Intangible Assets*. Management judgement is required to determine the useful economic lives of these assets and uses market and technological knowledge in determining these.

##### (ii) IFRS 16 Leases – lease term and extension options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). All extension options in offices leases have been included in the lease liability.

##### (iii) IFRS 16 Leases – incremental borrowing rate

To determine the incremental borrowing rate, the Company uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company which do not have recent third-party financing, and makes adjustments specific to the lease; inflation, country risk premium, financing spread level of indebtedness and asset specific risk.

#### B. Assumptions and estimation uncertainties

Other than the measurement of fair values (see note 3.23), the Company has not made any assumptions and estimates during the year which could significantly affect the amounts recognised in the financial statements.

### 3.23 Measurement of fair values

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

# FairFX PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 4. Revenue and segmental analysis

Segment results are reported to the Board of Directors of the Company (being the chief operating decision maker) to assess both performance and support strategic decisions. The Board reviews financial information on revenue for the following segments: Currency Cards, International Payments, Travel Cash, Banking and Central (which includes overheads and corporate costs). Revenue is wholly derived from UK based customers.

IFRS 15 requires the presentation of disaggregated revenue from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Company has assessed that the disaggregation of revenue by operating segments is appropriate in meeting this disclosure requirement as this is the information regularly reviewed by the Board, to evaluate the financial performance of the Company.

| 2020                             | Currency Cards   | International Payments | Travel Cash    | Central             | Total              |
|----------------------------------|------------------|------------------------|----------------|---------------------|--------------------|
|                                  | £                | £                      | £              | £                   | £                  |
| Segment revenue                  | 5,856,180        | 14,856,841             | 630,156        | 47,667              | 21,390,844         |
| Direct costs                     | (2,946,536)      | (4,518,036)            | (274,064)      | 77,028              | (7,661,608)        |
| Administrative expenses          | -                | -                      | -              | (16,954,376)        | (16,954,376)       |
| Amortisation                     | -                | -                      | -              | (2,851,820)         | (2,851,820)        |
| Finance costs                    | -                | -                      | -              | (333,468)           | (333,468)          |
| <b>Profit /(loss) before tax</b> | <b>2,909,644</b> | <b>10,338,805</b>      | <b>356,092</b> | <b>(20,014,969)</b> | <b>(6,410,428)</b> |
| Total assets                     | -                | -                      | -              | 46,487,555          | 46,487,555         |
| Total liabilities                | -                | -                      | -              | (20,924,168)        | (20,924,168)       |
| <b>Total net assets</b>          | <b>-</b>         | <b>-</b>               | <b>-</b>       | <b>25,563,387</b>   | <b>25,563,387</b>  |
| 2019                             | Currency Cards   | International Payments | Travel Cash    | Central             | Total              |
|                                  | £                | £                      | £              | £                   | £                  |
| Segment revenue                  | 11,291,063       | 7,687,623              | 124,088        | -                   | 19,102,774         |
| Direct costs                     | (4,284,286)      | (2,916,995)            | (47,084)       | -                   | (7,248,365)        |
| Administrative expenses          | -                | -                      | -              | (11,322,374)        | (11,322,374)       |
| Amortisation                     | -                | -                      | -              | (1,405,852)         | (1,405,852)        |
| Finance costs                    | -                | -                      | -              | (145,002)           | (145,002)          |
| <b>Profit /(loss) before tax</b> | <b>7,006,777</b> | <b>4,770,628</b>       | <b>77,004</b>  | <b>(12,873,228)</b> | <b>(1,018,819)</b> |
| Total assets                     | -                | -                      | -              | 43,300,524          | 43,300,524         |
| Total liabilities                | -                | -                      | -              | (34,793,494)        | (34,793,495)       |
| <b>Total net assets</b>          | <b>-</b>         | <b>-</b>               | <b>-</b>       | <b>8,507,029</b>    | <b>8,507,029</b>   |

# FairFX PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 5. Operating loss

Operating loss is stated after charging the following: -

|   | 2020       | 2019      |
|---|------------|-----------|
|   | £          | £         |
| Staff costs (note 6)  | 11,693,688 | 8,374,571 |
| Amortisation of intangibles                                   | 2,851,820  | 1,405,852 |
| Depreciation of right of use asset - property                 | 796,081    | 479,727   |
| Depreciation of plant and equipment and fixtures and fittings | 431,288    | 299,439   |
| IT costs  | 848,999    | 618,117   |
| Marketing   | 594,307    | 2,842,180 |
| Contingent consideration <sup>1</sup>                         | 637,383    |           |
| Write off of card stocks <sup>2</sup>                         | 574,953    | -         |
| Bad debt expense <sup>2</sup>                                 | 252,111    | -         |
| Credit impairment charge                                      | 261,244    | -         |
| Share option charge   | 444,129    | 122,609   |
| Credit impairment charge                                      | 261,244    | -         |
| Net foreign currency differences                              | 183,222    | 64,753    |

Amounts charged by the Company's auditors are as follows: -

#### Audit fees: -

|                                     |               |               |
|-------------------------------------|---------------|---------------|
| <i>Company statutory audit fees</i> | 78,600        | 60,000        |
| <b>Total audit fees</b>             | <b>78,600</b> | <b>60,000</b> |

<sup>1</sup> Contingent consideration represents the fair value of additional consideration estimated in respect of the acquisition of Casco Financial Services Limited (renamed to Equals Connect Limited) in November 2019. This additional consideration payable is the result of revenues being in excess of forecasts at the time of acquisition.

<sup>2</sup> The demise of Wirecard AG led to the Company having to re-card all its customers on the Wirecard programme, leading to card stock and other write offs.

Audit fees were borne by the ultimate parent company in the current and preceding year. There were no non-audit fees payable during the current and preceding year. These amounts are shown exclusive of VAT.

### 6. Staff costs

The average monthly number of employees (including Directors) during the year was: -

|                      | 2020      | 2019      |
|----------------------|-----------|-----------|
|                      | Headcount | Headcount |
| Administrative staff | 215       | 147       |

|   | 2020       | 2019      |
|---|------------|-----------|
|   | £          | £         |
| Wages and salaries                          | 10,432,159 | 6,902,151 |
| Social security costs                       | 1,170,880  | 1,250,607 |
| Other pension costs                         | 541,261    | 221,813   |
|   | 12,144,300 | 8,374,571 |
| Employee furlough government grant received | (450,612)  | -         |
|   | 11,693,688 | 8,374,571 |

Employees costs exclude £3,676,953 (2019: £3,860,123) reported within internally generated software intangibles.

# FairFX PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 7. Directors' remuneration

The salaries of Directors of the Company in respect of their services as Directors to the Group, including FairFX PLC, are as given below. The remaining Directors of the Company do not receive compensation in respect of their services as Directors of the Company.

|                            | <b>Gross Salary</b> | <b>Bonus Paid</b> | <b>Employer Pension</b> | <b>Benefits</b> | <b>Total Remuneration</b> |
|----------------------------|---------------------|-------------------|-------------------------|-----------------|---------------------------|
|                            | <b>2020</b>         | <b>2020</b>       | <b>2020</b>             | <b>2020</b>     | <b>2020</b>               |
|                            | <b>£</b>            | <b>£</b>          | <b>£</b>                | <b>£</b>        | <b>£</b>                  |
| <b>Executive Directors</b> |                     |                   |                         |                 |                           |
| I A I Trafford – Taylor    | 254,477             | 165,000           | 3,503                   | 2,681           | 425,661                   |
|                            | <u>254,477</u>      | <u>165,000</u>    | <u>3,503</u>            | <u>2,681</u>    | <u>425,661</u>            |
|                            | <b>Gross Salary</b> | <b>Bonus paid</b> | <b>Employer Pension</b> | <b>Benefits</b> | <b>Total Remuneration</b> |
|                            | <b>2019</b>         | <b>2019</b>       | <b>2019</b>             | <b>2019</b>     | <b>2019</b>               |
|                            | <b>£</b>            | <b>£</b>          | <b>£</b>                | <b>£</b>        | <b>£</b>                  |
| <b>Executive Directors</b> |                     |                   |                         |                 |                           |
| I A I Trafford – Taylor    | 271,144             | 272,500           | 1,919                   | 856             | 546,419                   |
|                            | <u>271,144</u>      | <u>272,500</u>    | <u>1,919</u>            | <u>856</u>      | <u>546,419</u>            |

Further information regarding share options is given in note 22. No Directors exercised any share options during the year.

### 8. Tax credit

|   | <b>2020</b>               | <b>2019</b>               |
|---|---------------------------|---------------------------|
|   | <b>£</b>                  | <b>£</b>                  |
| R&D tax credit – current year   | (1,346,700)               | (2,870,201)               |
| R&D tax credit – prior year   | (57,188)                  | -                         |
| Current tax credit  | <u>(1,403,888)</u>        | <u>(2,870,201)</u>        |
| Origination and reversal of permanent and temporary differences         | (53,019)                  | 1,094,767                 |
| Recognition of previously unrecognised deductible temporary differences | (30,780)                  | 7,770                     |
| Adjustment in respect of prior years                                    | -                         | <u>26,079</u>             |
| <b>Deferred tax (credit) / charge</b>                                   | <u>(83,799)</u>           | <u>1,128,616</u>          |
| <b>Total tax credit for the year</b>                                    | <u><b>(1,487,687)</b></u> | <u><b>(1,741,585)</b></u> |

# FairFX PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 8. Tax credit (continued)

#### Factors affecting tax credit for the year

The tax credit for the year can be reconciled to the loss per the statement of comprehensive income as follows:

|  | 2020               | 2019               |
|--|--------------------|--------------------|
|  | £                  | £                  |
| Loss before taxation                                       | (6,410,428)        | (1,018,819)        |
| Taxation at the UK corporation tax rate of 19% (2019: 19%) | (1,217,981)        | (193,576)          |
| Net timing differences between tax and accounting          | 333,737            | (23,331)           |
| Change in tax rates  | 44,467             | -                  |
| Capital allowances for the year in excess of depreciation  | -                  | 14,712             |
| Movement of unrecognised carry forward tax losses          | (30,780)           | 7,770              |
| Net impact of R&D tax credit claim                         | (559,942)          | (1,573,239)        |
| Adjustment in respect of prior year                        | (57,188)           | 26,079             |
| <b>Total tax credit for the year</b>                       | <b>(1,487,687)</b> | <b>(1,741,585)</b> |

#### Movement in deferred tax balances

| 2020  | Net balance<br>at 1 January | Acquired in<br>business<br>combination | Transfers<br>from fellow<br>undertakings | Recognised<br>in equity | Recognised<br>in P&L | Balance at<br>31<br>December | DTA              | DTL                |
|---|-----------------------------|--|--|-------------------------|----------------------|------------------------------|------------------|--------------------|
|   | £                           | £                                      | £  | £                       | £                    | £                            | £                | £                  |
| Intangibles                                   | (1,724,676)                 | (110,000)                              | (172,937)                                | -                       | (507,361)            | (2,514,974)                  | -                | (2,514,974)        |
| Property, plant and<br>equipment              | (213,017)                   | -                                      | (24,885)                                 | -                       | 10,683               | (227,219)                    | -                | (227,219)          |
| Equity settled share<br>based payments        | 550,296                     | -                                      | -  | (387,477)               | (148,407)            | 14,412                       | 14,412           | -                  |
| Unutilised tax<br>losses                      | 1,647,359                   | -                                      | -  | -                       | 728,884              | 2,376,243                    | 2,376,243        | -                  |
| Other   | -                           | -                                      | -  | -                       | -                    | -                            | -                | -                  |
| <b>Net deferred tax<br/>asset/(liability)</b> | <b>259,962</b>              | <b>(110,000)</b>                       | <b>(197,822)</b>                         | <b>(387,477)</b>        | <b>83,799</b>        | <b>(351,538)</b>             | <b>2,390,655</b> | <b>(2,742,193)</b> |

| 2019  | Net balance<br>at 1 January | Acquired in<br>business<br>combinations | Recognised<br>in equity | Recognised<br>in P&L | Balance at 31<br>December | DTA              | DTL                |
|---|-----------------------------|---|-------------------------|----------------------|---------------------------|------------------|--------------------|
|   | £                           | £                                       | £                       | £                    | £                         | £                | £                  |
| Intangibles                                   | (691,347)                   | (137,696)                               | -                       | (895,633)            | (1,724,676)               | -                | (1,724,675)        |
| Property, plant and<br>equipment              | (85,912)                    | -                                       | -                       | (127,105)            | (213,017)                 | -                | (213,017)          |
| Equity settled share<br>based payments        | 1,071,635                   | -                                       | (525,480)               | 4,141                | 550,296                   | 550,296          | -                  |
| Unutilised tax losses                         | 1,607,394                   | -                                       | -                       | 39,965               | 1,647,359                 | 1,647,359        | -                  |
| Other   | 149,984                     | -                                       | -                       | (149,984)            | -                         | -                | -                  |
| <b>Net deferred tax<br/>asset/(liability)</b> | <b>2,051,754</b>            | <b>(137,696)</b>                        | <b>(525,480)</b>        | <b>(1,128,616)</b>   | <b>259,962</b>            | <b>2,197,655</b> | <b>(1,937,693)</b> |

The Company has estimated tax losses of £12,506,617 (31 December 2019: £9,515,284) available to carry-forward against future trading profits. The losses can be carried forward indefinitely and have no expiry date.

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is considered more likely than not. The decision to recognise any asset is taken at such point the recovery is reasonably certain. The Company has concluded that the deferred assets will be recoverable using estimated future taxable income based on a five-year forecast horizon. There are no unrecognised deferred tax assets.

# FairFX PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 8. Tax credit (continued)

The standard rate of corporation tax applicable to the Company for the year ended 31 December 2020 was 19%. The Government has indicated that the rate of corporation tax may be increased to 25% with effect from 1 April 2023. Should legislation increasing the rate to 25% be substantively enacted, any timing differences which exist at that point would reverse at 25% rather than 19% and deferred tax balances would be revalued accordingly. The estimated impact of this is an increase in deferred tax recoverable of £325,462.

### 9. Property, plant and equipment

|                                    | Plant and<br>equipment<br>£ | Fixtures and<br>fittings<br>£ | Leasehold<br>improvements<br>£ | Total<br>£ |
|------------------------------------|-----------------------------|-------------------------------|--------------------------------|------------|
| <b>Cost</b>                        |                             |                               |                                |            |
| At 1 January 2020                  | 924,351                     | 414,485                       | 830,005                        | 2,168,841  |
| Transfers from fellow undertakings | 230,684                     | -                             | 443,936                        | 674,620    |
| Additions                          | 63,571                      | 10,287                        | 53,461                         | 127,319    |
| At 31 December 2020                | 1,218,606                   | 424,772                       | 1,327,402                      | 2,970,780  |
| <b>Accumulated depreciation</b>    |                             |                               |                                |            |
| At 1 January 2020                  | 468,798                     | 83,731                        | 120,944                        | 673,473    |
| Transfers from fellow undertakings | 162,697                     | -                             | 248,580                        | 411,277    |
| Charge for the year                | 240,450                     | 81,674                        | 109,164                        | 431,288    |
| At 31 December 2020                | 871,945                     | 165,405                       | 478,688                        | 1,516,038  |
| <b>Net book value</b>              |                             |                               |                                |            |
| At 31 December 2020                | 346,661                     | 259,367                       | 848,714                        | 1,454,742  |

On 1 January 2020 FairFX PLC acquired the property plant and equipment of its fellow subsidiary undertaking, City Forex Limited, at net book value as part of a wider Group restructuring.

|                                 | Plant and<br>machinery<br>£ | Fixtures and<br>fittings<br>£ | Leasehold<br>improvements<br>£ | Total<br>£ |
|---------------------------------|-----------------------------|-------------------------------|--------------------------------|------------|
| <b>Cost</b>                     |                             |                               |                                |            |
| At 1 January 2019               | 509,588                     | 132,625                       | 273,914                        | 916,127    |
| Additions                       | 414,763                     | 281,860                       | 556,091                        | 1,252,714  |
| At 31 December 2019             | 924,351                     | 414,485                       | 830,005                        | 2,168,841  |
| <b>Accumulated depreciation</b> |                             |                               |                                |            |
| At 1 January 2019               | 334,713                     | 17,001                        | 22,320                         | 374,034    |
| Charge for the year             | 134,085                     | 66,730                        | 98,624                         | 299,439    |
| At 31 December 2019             | 468,798                     | 83,731                        | 120,944                        | 673,473    |
| <b>Net book value</b>           |                             |                               |                                |            |
| At 31 December 2019             | 455,553                     | 330,754                       | 709,061                        | 1,495,368  |

# FairFX PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 10. Right of use assets and lease liability

|                                     | Property<br>2020<br>£ | Property<br>2019<br>£ |
|-------------------------------------|-----------------------|-----------------------|
| <b>Right of use asset</b>           |                       |                       |
| At 1 January                        | 4,277,569             | 4,757,296             |
| Transfers from fellow undertakings* | 1,635,151             | -                     |
| Additions to right of use assets    | 77,720                | -                     |
| Modifications to leases**           | (77,883)              | -                     |
| Depreciation charge for the year    | (796,081)             | (479,727)             |
| At 31 December                      | <u>5,116,476</u>      | <u>4,277,569</u>      |
| <b>Lease Liabilities</b>            |                       |                       |
| At 1 January                        | 4,528,691             | 4,825,375             |
| Transfers from fellow undertakings* | 1,698,182             | -                     |
| Additions to lease liabilities      | 72,000                | -                     |
| Lease finance expenses              | 185,639               | 145,002               |
| Modification to leases**            | (76,093)              | -                     |
| Payments                            | (969,401)             | (441,686)             |
| At 31 December                      | <u>5,439,018</u>      | <u>4,528,691</u>      |
| Current lease liabilities           | 775,890               | 465,124               |
| Non-current lease liabilities       | 4,663,128             | 4,063,567             |
|                                     | <u>5,439,018</u>      | <u>4,528,691</u>      |

\* On 1 January 2020 FairFX PLC assumed the lease liabilities of its fellow subsidiary undertaking, City Forex Limited, at net book value as part of a wider Group restructuring.

\*\* Modification to lease assets and lease liabilities relates to a negotiated future early termination of a property lease.

Amounts recognised in the consolidated statement of comprehensive income:

|   | 2020<br>£        | 2019<br>£      |
|---|------------------|----------------|
| Depreciation charge for right of use assets - Property    | 796,081          | 479,727        |
| Lease finance expenses                                    | 185,639          | 145,002        |
| Modification of lease terms – net impact                  | 1,790            | -              |
| Expense relating to short-term and low value items leases | 78,107           | 133,511        |
|   | <u>1,061,617</u> | <u>758,240</u> |

Included within expenses relating to low value assets, which are below the de-minimis level, are amounts relating to IT equipment (printer and photocopiers etc) and property costs (fridges, microwaves etc). The total cash outflow for leases in 2020 was £969,399 (2019: £441,686) including for principal and interest.

# FairFX PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 11. Intangible assets

|                                       | Goodwill  | Non-patented<br>technology | Under<br>construction | Customer<br>relationship | Total      |
|---------------------------------------|-----------|----------------------------|-----------------------|--------------------------|------------|
|                                       | £         | £                          | £                     | £                        | £          |
| <b>Cost</b>                           |           |                            |                       |                          |            |
| At 1 January 2020                     | 1,174,696 | 9,723,170                  | 2,008,884             | 801,000                  | 13,707,750 |
| Reclassification                      | -         | 932,621                    | (932,621)             | -                        | -          |
| Transfers from fellow undertakings    | -         | 1,275,559                  | -                     | 257,023                  | 1,532,582  |
| Additions                             | -         | 3,646,163                  | 552,709               | -                        | 4,198,872  |
| Acquired through business combination | 756,000   | -                          | -                     | 586,000                  | 1,342,000  |
| At 31 December 2020                   | 1,930,696 | 15,577,513                 | 1,628,972             | 1,644,023                | 20,781,204 |
| <b>Accumulated amortisation</b>       |           |                            |                       |                          |            |
| At 1 January 2020                     | -         | 1,755,879                  | -                     | 47,679                   | 1,803,558  |
| Transfers from fellow undertakings    | -         | 258,282                    | -                     | 27,537                   | 285,819    |
| Charge for the year                   | -         | 2,676,330                  | -                     | 175,490                  | 2,851,820  |
| At 31 December 2020                   | -         | 4,690,491                  | -                     | 250,706                  | 4,941,197  |
| <b>Net book value</b>                 |           |                            |                       |                          |            |
| At 31 December 2020                   | 1,930,696 | 10,887,022                 | 1,628,972             | 1,393,317                | 15,840,007 |

|                                       | Goodwill  | Non-patented<br>technology | Under<br>construction | Customer<br>relationship | Total      |
|---------------------------------------|-----------|----------------------------|-----------------------|--------------------------|------------|
|                                       | £         | £                          | £                     | £                        | £          |
| <b>Cost</b>                           |           |                            |                       |                          |            |
| At 1 January 2019                     | -         | 3,803,705                  | 473,643               | -                        | 4,277,348  |
| Reclassification                      | -         | 473,643                    | (473,643)             | -                        | -          |
| Additions                             | 1,174,696 | 5,445,822                  | 2,008,884             | -                        | 8,629,402  |
| Acquired through business combination | -         | -                          | -                     | 801,000                  | 801,000    |
| At 31 December 2019                   | 1,174,696 | 9,723,170                  | 2,008,884             | 801,000                  | 13,707,750 |
| <b>Accumulated amortisation</b>       |           |                            |                       |                          |            |
| At 1 January 2019                     | -         | 397,706                    | -                     | -                        | 397,706    |
| Charge for the year                   | -         | 1,358,173                  | -                     | 47,679                   | 1,405,852  |
| At 31 December 2019                   | -         | 1,755,879                  | -                     | 47,679                   | 1,803,558  |
| <b>Net book value</b>                 |           |                            |                       |                          |            |
| At 31 December 2019                   | 1,174,696 | 7,967,291                  | 2,008,884             | 753,321                  | 11,904,192 |

The intangibles under construction balance consists of costs incurred on software development projects that were not completed before the end of the reporting period. IAS 36 *Impairment of Assets* requires that intangible assets that are not available for use are required to be tested for impairment at least on an annual basis. The balance at reporting date relates to additions made during the reporting period, which are tested annually for impairment during the 2020 calendar year.

# FairFX PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 11. Intangible assets (continued)

#### *Goodwill*

Goodwill acquired in a business combination has been allocated to the International Payments cash-generating unit ("CGU") on acquisition and is tested for impairment annually by comparing the value in use based on forecast cash flows to carrying value. The rate used to discount the forecast cash flows is based upon the CGU's weighted average cost of capital (WACC) of 10.08% (2019: 12.38%).

The Company prepared cash flow forecasts derived from the most recent detailed Group financial budgets approved by management for the next five years. For the purpose of the value in use calculation the management forecasts were extrapolated into perpetuity using growth rate of 2% (2019: 2%), representing the expected long-run rate of inflation in the UK. The forecasts assume growth rates in acquisitions which in turn drive the forecast collections and cost figures.

The Company conducted a sensitivity analysis on the impairment test of the CGU carrying value which indicated no reasonably possible changes to the key assumptions which would result in the carrying value of the International Payments CGU exceeding the recoverable value at 31 December 2020 (2019: £nil impairment).

### 12. Investments

Shares in subsidiary undertakings

| <b>Company – Shares in subsidiary undertakings</b> | <b>2020</b>      | <b>2019</b>      |
|--|------------------|------------------|
|  | <b>£</b>         | <b>£</b>         |
| <b>Cost</b>  | 2,235,625        | -                |
| Additions  | -                | 2,235,625        |
| At 31 December                                     | <u>2,235,625</u> | <u>2,235,625</u> |
| <b>Net Book Value</b>                              |                  |                  |
| At 31 December                                     | <u>2,235,625</u> | <u>2,235,625</u> |

On 18 November 2019, the Company acquired 51.81% of the ordinary share capital of Equals Connect Limited (previously Casco Financial Services Limited). The registered address of Equals Connect Limited, which is registered in England and Wales, is 3rd Floor Thames House, Vintners' Place, 68 Upper Thames Street, London, EC4V 3BJ, England.

# FairFX PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 13 Acquisitions

#### Effective FX Limited – business information and intellectual property rights (“Effective FX”)

On 14 October 2020, Equals acquired business information and intellectual property rights from Effective FX Limited, a London-based international payments business servicing both corporate and private clients, for a maximum consideration of £1,575,000. This payment is contingent on future net revenue targets over a period of three years from the acquisition date and is payable in quarterly instalments, in cash. Based on current and forecast performance it has been assumed that the contingent consideration will be paid in full, each quarter.

Effective FX contributed £124,949 of revenue and £87,562 of profit before tax to the Company since its acquisition.

The acquisition date fair value of consideration transferred was calculated as follows:

|   |                  |
|---|------------------|
|   | £                |
| Contingent consideration – undiscounted maximum payments in cash, payable in quarterly instalments over three years | 1,575,000        |
|   | <u>1,232,000</u> |
| <b>Contingent consideration discounted - fair value</b>   | <b>1,232,000</b> |

The recognised amounts of assets acquired and liabilities recognised at the date of acquisition were as follows:

|   |                |
|---|----------------|
|   | £              |
| Intangibles – customer relationships          | 586,000        |
| Deferred tax liabilities                      | (110,000)      |
|   | <u>476,000</u> |
| <b>Total identifiable new assets acquired</b> | <b>476,000</b> |

Based on the valuation of the intangibles and enacted UK corporation tax rates a deferred tax liability of £110,000 was recognised as a result of the identified intangible asset.

Goodwill arising from the acquisition has been recognised as follows:

|                                       |                |
|---------------------------------------|----------------|
|                                       | £              |
| Consideration transferred             | 1,232,000      |
| Fair value of identifiable new assets | (476,000)      |
|                                       | <u>756,000</u> |
| <b>Goodwill</b>                       | <b>756,000</b> |

Goodwill comprises the value of expected synergies arising from the acquisition and additional value attributed by the acquirer in relation to the future expected cash flows, which is not separately recognised. None of the goodwill recognised is expected to be deductible for income tax purposes.

# FairFX PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 13 Acquisitions (continued)

#### City Forex Limited

As part of a restructuring of the Group, on 1 January 2020 the Company acquired the business and certain net assets of its fellow subsidiary, City Forex Limited. The consideration paid was equivalent to the value of the net assets transferred and there was no goodwill arising. The purchase consideration is in the form of an interest free, unsecured debt payable by the Company to City Forex Limited on written demand.

|  | 2020             |
|--|------------------|
|  | £                |
| Property, plant & equipment  | 263,343          |
| Right of use asset   | 1,635,151        |
| Intangible assets  | 1,246,763        |
| Derivative financial assets  | 529,324          |
| Other debtors  | 870,960          |
| Deferred tax liability   | (197,822)        |
| Lease liabilities  | (1,698,182)      |
| Derivative financial liabilities                                     | (530,241)        |
| Other creditors  | (646,675)        |
| Non-cash items   | 1,472,621        |
| Cash at bank   | 1,949,954        |
| <b>Net assets transferred</b>  | <b>3,422,575</b> |
|  | <hr/>            |
| Settlement of net assets transferred – interest free, unsecured loan | (3,422,575)      |
|  | <hr/>            |

#### Acquisition of Casco Financial Services Limited (renamed to Equals Connect Limited)

On 18 November 2019, the Company acquired the entire issued ordinary share capital of Casco Financial Services Limited ("Casco"), a UK based payment services provider. The initial consideration for the acquisition is £1,725,000 with a potential additional consideration of £510,626 depending on future performance.

There were a series of transactions that took place before and at the date of acquisition that had a significant impact on the acquisition accounting. The share capital of Casco consisted of 100 Ordinary shares, which were consequently reclassified into 93 A Ordinary and 7 B Ordinary shares. On 18 November 2019, 93 C shares were issued, giving a total number of 193 allotted shares. As a result of the changes in the share capital structure, the Group acquired 93 A Ordinary and 7 B Ordinary shares, consequently acquiring all of the voting rights and 51.81% of the economic interests, with the remaining proportion being held by the vendors through the C shares held.

The acquisition date fair value of consideration transferred was calculated as follows:

|  | £                |
|--|------------------|
| Cash   | 1,325,000        |
| Share issue of 377,666 ordinary shares of Equals Group on valuation date and B shares of £49,000 | 369,000          |
| Contingent consideration   | 510,626          |
| <b>Total consideration transferred</b>   | <b>2,235,626</b> |
|  | <hr/>            |

# FairFX PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 13 Acquisitions (continued)

The recognised amounts of assets acquired, and liabilities assumed at the date of acquisition were as follows:

|   | £                |
|---|------------------|
| Intangibles – customer relationships          | 1,051,000        |
| Intangibles – technology                      | 334,891          |
| Property, plant and equipment                 | 8,497            |
| Cash  | 9,473            |
| Trade and other receivables                   | 600,432          |
| Trade and other payables                      | (602,280)        |
| Deferred tax liabilities                      | (191,988)        |
| Non-controlling interest                      | (148,451)        |
| <b>Total identifiable new assets acquired</b> | <b>1,061,574</b> |

Based on the valuation of the intangibles and enacted UK corporation tax rates a deferred tax liability of £191,988 was recognised as a result of the identified intangible asset.

#### **Acquisition of assets from Hermex International Limited**

On 8 August 2019, the Company, acquired a book of international payments business from Hermex International Limited, a London-based company operating in the foreign currency exchange and payments services industry, for total consideration of £2,000,000. Together with the trading assets, the Company also acquired a workforce of 17 staff under the Transfer of Undertakings (Protection of Employment) Regulations 2006 ("TUPE").

The initial consideration payable was £1,700,000, satisfied by £700,000 payable in cash to the seller and £1,000,000 payable in cash to the Company for the issue of 851,063 new ordinary shares of 1p each in the Company ("subscription shares") at an issue price of £1.175 per share. The subscription shares were issued to a former director and shareholder in Hermex International Limited who concurrently joined the Group as an employee. The shares are subject to a two-year lock-in period followed by an orderly market provision. However, they are not subject to continuing employment with the Group therefore the subscription price was considered to be a cost of the business combination. A further retention payment of £300,000 was paid in cash in February 2020.

The acquisition date fair value of consideration transferred was calculated as follows:

|  | £                |
|--|------------------|
| Initial payment - cash                 | 1,700,000        |
| Deferred retention payment - cash      | 300,000          |
| <b>Total consideration transferred</b> | <b>2,000,000</b> |

The recognised amounts of assets acquired and liabilities assumed at the date of acquisition were as follows:

|   | £              |
|---|----------------|
| Intangibles – customer relationships          | 801,000        |
| Derivative financial assets                   | 432,000        |
| Derivative financial liabilities              | (270,000)      |
| Deferred tax liabilities                      | (138,000)      |
| <b>Total identifiable new assets acquired</b> | <b>825,000</b> |

# FairFX PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 13 Acquisitions (continued)

Based on the valuation of the intangibles and enacted UK corporation tax rates a deferred tax liability of £138,000 was recognised as a result of the identified intangible asset. Goodwill arising from the acquisition has been recognised as follows:

|                                       | £                       |
|---------------------------------------|-------------------------|
| Consideration transferred             | 2,000,000               |
| Fair value of identifiable net assets | <u>(825,000)</u>        |
| <b>Goodwill</b>                       | <u><u>1,175,000</u></u> |

Goodwill comprises the value of expected synergies arising from the acquisition and additional value attributed by the acquirer in relation to the future expected cash flows, which is not separately recognised. None of the goodwill recognised is expected to be deductible for income tax purposes

### 14. Inventories

|                | 2020           | 2019           |
|----------------|----------------|----------------|
|                | £              | £              |
| Finished goods | <u>155,033</u> | <u>226,992</u> |

The Company's inventories comprise of stock of cards. Included within cost of sales is a charge relating to stock of £414,370 (2019: £305,182) incurred in the ordinary course of business. There is a further charge arising in 2020 of £651,863 card write-offs relating to the cessation of activities of Wirecard AG and its subsidiaries, at that time a supplier of cards to the Company.

### 15. Trade and other receivables

|                                     | 2020                    | 2019                     |
|-------------------------------------|-------------------------|--------------------------|
|                                     | £                       | £                        |
| Trade receivables                   | 1,972,630               | 1,243,373                |
| Amounts due from group undertakings | 988,641                 | 230,983                  |
| Other receivables                   | 5,729,774               | 5,696,614                |
| Prepayments and accrued income      | <u>1,120,700</u>        | <u>2,982,307</u>         |
|                                     | <u><u>9,811,745</u></u> | <u><u>10,153,277</u></u> |

The decrease in prepayments and accrued income during the year is due to the reduction in Currency Card activity levels.

Information about the Company's exposure to credit and market risks, and impairment losses for trade and other receivables, is included in Note 21.

Amounts due from fellow group undertakings are interest-free, repayable on demand and unsecured.

#### Movement in expected credit loss ("ECL")

|  | 2020                  | 2019            |
|--|-----------------------|-----------------|
|  | £                     | £               |
| <b>Cost</b>                              |                       |                 |
| Allowance for ECLs at 1 January          | -                     | -               |
| Provided during the year                 | <u>261,244</u>        | <u>-</u>        |
| <b>Allowance for ECLs at 31 December</b> | <u><u>261,244</u></u> | <u><u>-</u></u> |

### 16. Cash and cash equivalents

|              | 2020             | 2019             |
|--------------|------------------|------------------|
|              | £                | £                |
| Cash at bank | <u>7,630,869</u> | <u>7,762,872</u> |

# FairFX PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 17. Share capital

|   | 2020              | 2019              |
|---|-------------------|-------------------|
|   | £                 | £                 |
| <b>Authorised</b>   |                   |                   |
| 125,000,000 (2019: 101,047,530) ordinary shares of £0.10 each | <u>12,500,000</u> | <u>10,104,753</u> |
| Movement in share capital                                     |                   |                   |
|   |                   | <b>Total</b>      |
|   |                   | £                 |
| At 1 January 2020   |                   | 10,104,753        |
| 8,952,470 10p ordinary shares issued on 31 March 2020         |                   | 895,247           |
| 9,999,999 10p ordinary shares issued on 30 September 2020     |                   | 1,000,000         |
| 5,000,000 10p ordinary shares issued on 19 November 2020      |                   | <u>500,000</u>    |
| At 31 December 2020   |                   | <u>12,500,000</u> |

The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

The Company issued to its parent company Equals Group PLC 8,952,470 10p ordinary shares on 31 March 2020, 9,999,999 10p ordinary shares on 30 September 2020 and 5,000,000 10p ordinary shares on 19 November 2020 for total consideration of £21.9 million in exchange for the cancellation of intercompany loans due to the parent for the same amount.

### 18. Borrowings

|                | 2020             | 2019     |
|----------------|------------------|----------|
|                | £                | £        |
| Loan debenture | <u>2,000,000</u> | <u>-</u> |

On the 23 December 2020, the Company entered into a £2,000,000 loan agreement with the Royal Bank of Scotland (RBS) under the Coronavirus Business Interruption Loan Scheme (CBILS) to further support working capital.

Under the terms of the loan, there is an initial twelve month capital repayment holiday and the UK Government will pay the first 12 months of interest due. This is being recognised as a government grant, with interest grant income received being offset against the loan interest due. At the current Bank Base rate, the estimated grant income receivable by the Company for 2021 representing twelve months repayment holiday will be £52,500. The loan is for a six year period at the Bank of England Base rate + 2.53% and may be repaid at any point without penalty.

The loan agreement required that by 31 March 2021, Equals Group PLC issued a guarantee to the Company as security on the loan and that the Company provides a debenture to RBS for the value of the loan. Both of these requirements have been met.

# FairFX PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 19. Trade and other payables

|                                    | 2020             | 2019              |
|------------------------------------|------------------|-------------------|
|                                    | £                | £                 |
| Trade payables                     | 2,653,483        | 4,960,252         |
| Amounts owed to group undertakings | 913              | 19,134,675        |
| Taxation and social security       | 547,983          | 513,626           |
| Other creditors                    | 727,427          | 1,078             |
| Accruals and deferred income       | 4,947,718        | 664,383           |
|                                    | <u>8,877,524</u> | <u>25,274,014</u> |

Amounts due to fellow group undertakings are interest-free, repayable on demand and unsecured.

The increase in accruals and deferred income comprises primarily an increase in collateral due to liquidity providers.

### 20. Derivative financial assets and financial liabilities

#### 20.1 Derivative financial assets

##### Financial assets at fair value through profit or loss

|   | Fair Value<br>2020 | Notional<br>Principal<br>2020 | Fair Value<br>2019 | Notional<br>Principal<br>2019 |
|---|--------------------|-------------------------------|--------------------|-------------------------------|
|   | £                  | £                             | £                  | £                             |
| Foreign exchange forward contracts        | 1,852,403          | 85,661,190                    | 3,046,974          | 58,196,532                    |
| Total financial instruments at fair value | <u>1,852,403</u>   | <u>85,661,190</u>             | <u>3,046,974</u>   | <u>58,196,532</u>             |

#### 20.2 Derivative financial liabilities

##### Financial liabilities at fair value through profit or loss

|   | Fair Value<br>2020 | Notional<br>Principal<br>2020 | Fair Value<br>2019 | Notional<br>Principal<br>2019 |
|---|--------------------|-------------------------------|--------------------|-------------------------------|
|   | £                  | £                             | £                  | £                             |
| Foreign exchange forward contracts        | 1,865,433          | 84,708,962                    | 3,053,097          | 57,540,925                    |
| Total financial instruments at fair value | <u>1,865,433</u>   | <u>84,708,962</u>             | <u>3,053,097</u>   | <u>57,540,925</u>             |

# FairFX PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 21. Financial instruments

The Company's financial instruments comprise cash, foreign exchange forward contracts and various items arising directly from its operations. The main purpose of these financial instruments is to provide working capital for the Company. In common with other businesses, the Company is exposed to the risk that arises from its use of financial instruments. The Company does not deal in any financial instrument contracts for its own benefit. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information is found throughout these consolidated financial statements.

#### 21.1 Principal financial instruments

The principal financial instruments of the Company, from which financial instrument risk arises, are as follows:

|  | 2020        | 2019          |
|--|-------------|---------------|
|  | £           | £             |
| <b>Financial instruments held at amortised cost</b>                    |             |               |
| Cash and cash equivalents  | 7,630,869   | 7,762,872     |
| Trade and other receivables  | 7,764,539   | 8,827,585     |
| Borrowings   | (2,000,000) | -             |
| Trade and other payables   | (4,820,076) | ((24,760,388) |
| Lease liabilities  | (5,439,018) | (4,528,691)   |
|  | <u>2020</u> | <u>2019</u>   |
|  | £           | £             |
| <b>Financial instruments held at fair value through profit or loss</b> |             |               |
| Derivative financial assets – Forward foreign exchange contracts       | 1,852,403   | 3,046,974     |
| Derivative financial liabilities – Forward foreign exchange contracts  | (1,865,433) | (3,053,097)   |

Trade and other payables generally have a maturity of less than one month.

Forward foreign exchange contracts fall into level 2 of the fair value hierarchy as set out in note 3.23 since Level 2 comprises those financial instruments which can be valued using inputs other than quoted prices that are observable for the asset or liability either directly (i.e. prices) or indirectly (i.e. derived from prices). In 2020, the unrealised gain or loss recognised in the income statement on the fair value of financial instruments was a gain of £13,030 (2019: loss of £167,551k). This was reported in administration costs in the income statement.

#### 21.2 Financial risk management objectives and policies

##### Credit risk

As required under IFRS 9, the Company analysed its trade debtors and split them into portfolios: bank and other financial institutions, financial service providers and corporate customers. The Company has significant short term receivables and security collateral arrangements with bank and other financial institutions and financial service providers; which have either settled post balance sheet date or are considered negligible due to the financial strength of the counterparty.

# FairFX PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 21. Financial instruments (continued)

The ageing of financial assets at the statement of financial position date is as follows:

| 2020                                | On demand | Between<br>1 and 3<br>months | Between<br>3 and 12<br>months | Over<br>1 year | Total     |
|-------------------------------------|-----------|------------------------------|-------------------------------|----------------|-----------|
|                                     | £         | £                            | £                             | £              | £         |
| Trade and other receivables - gross | 7,301,889 | 108,657                      | 615,237                       | -              | 8,025,783 |
| Allowance for ECL                   | -         | -                            | (261,244)                     | -              | (261,244) |
| Trade and other receivables - net   | 7,301,889 | 108,657                      | 353,993                       | -              | 7,764,539 |
| Derivative financial assets         | 838,576   | 374,371                      | 533,130                       | 106,326        | 1,852,403 |

| 2019  | On demand | Between<br>1 and 3<br>months | Between<br>3 and 12<br>months | Over 1<br>year | Total     |
|---|-----------|------------------------------|-------------------------------|----------------|-----------|
|   | £         | £                            | £                             | £              | £         |
| Trade and other receivables – gross and net | 8,827,585 | -                            | -                             | -              | 8,827,585 |
| Derivative financial assets                 | 314,247   | 453,154                      | 2,279,573                     | -              | 3,046,974 |

### Liquidity risk

Management of liquidity risk is achieved by monitoring budgets and forecasts and actual cash flows and available cash balances. The daily settlement flows in respect of financial asset and liability, spot and swap contracts require adequate liquidity which is provided through intra-day settlement facilities.

The table below analyses the Company's gross undiscounted financial liabilities by their contractual maturity date.

| 2020                             | On demand<br>and within 1<br>month | Between<br>1 and 3<br>months | Between<br>3 and 12<br>months | Over 1<br>year | Total     |
|----------------------------------|------------------------------------|------------------------------|-------------------------------|----------------|-----------|
|                                  | £                                  | £                            | £                             | £              | £         |
| Borrowings                       | -                                  | -                            | -                             | 2,000,000      | 2,000,000 |
| Trade and other payables         | 4,820,076                          | -                            | -                             | -              | 4,820,076 |
| Derivative financial liabilities | 842,075                            | 376,705                      | 536,854                       | 109,799        | 1,865,433 |
| Lease liabilities                | 77,159                             | 154,319                      | 694,435                       | 5,486,346      | 6,412,259 |

| 2019                             | On demand<br>and within 1<br>month | Between<br>1 and 3<br>months | Between<br>3 and 12<br>months | Over 1<br>year | Total      |
|----------------------------------|------------------------------------|------------------------------|-------------------------------|----------------|------------|
|                                  | £                                  | £                            | £                             | £              | £          |
| Trade and other payables         | 24,760,388                         | -                            | -                             | -              | 24,760,388 |
| Derivative financial liabilities | 894,531                            | 334,962                      | 1,823,604                     | -              | 3,053,097  |
| Lease liabilities                | 77,009                             | 154,019                      | 738,373                       | 6,412,259      | 7,381,660  |

### Market risk

Market risk arises from the Company's use of foreign currency. This is detailed below.

### Interest rate risk

The Company is subject to interest rate risk as its bank balances are subject to interest at a floating rate. The Company has no of borrowings so liabilities are not materially affected by changes in interest rates.

### Foreign currency risk

The Company's balance sheet currency exposure is primarily managed by matching currency assets with currency liabilities. The largest currency liabilities are created on entering into forward foreign currency transactions. As at 31 December 2020 and 31 December 2019 the Company is not sensitive to movements in the strength of Sterling as no material foreign currency balances are held.

# FairFX PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 21. Financial instruments (continued)

#### Fair value risk

The following table shows the carrying amount of financial assets and financial liabilities. It does not include a fair value as the carrying amount is a reasonable approximation of fair value.

| 31 December 2020                 | Measured at<br>amortised cost | Measured at<br>fair value | Total             |
|----------------------------------|-------------------------------|---------------------------|-------------------|
|                                  | £                             | £                         | £                 |
| <b>Financial assets</b>          |                               |                           |                   |
| Cash and cash equivalents        | 7,630,869                     | -                         | 7,630,869         |
| Trade and other receivables      | 7,764,539                     | -                         | 7,764,539         |
| Derivative financial assets      | -                             | 1,852,403                 | 1,852,403         |
|                                  | <b>15,395,408</b>             | <b>1,852,403</b>          | <b>17,247,811</b> |
| <b>Financial liabilities</b>     |                               |                           |                   |
| Borrowings                       | 2,000,000                     | -                         | 2,000,000         |
| Trade and other payables         | 4,820,076                     | -                         | 4,820,076         |
| Lease liabilities                | 5,439,018                     | -                         | 5,439,018         |
| Derivative financial liabilities | -                             | 1,865,433                 | 1,865,433         |
|                                  | <b>12,259,094</b>             | <b>1,865,433</b>          | <b>14,124,527</b> |
| <b>31 December 2019</b>          |                               |                           |                   |
|                                  | Measured at<br>amortised cost | Measured at<br>fair value | Total             |
|                                  | £                             | £                         | £                 |
| <b>Financial assets</b>          |                               |                           |                   |
| Cash and cash equivalents        | 7,762,872                     | -                         | 7,762,872         |
| Trade and other receivables      | 8,827,585                     | -                         | 8,827,585         |
| Derivative financial assets      | -                             | 3,046,974                 | 3,046,974         |
|                                  | <b>16,590,457</b>             | <b>3,046,974</b>          | <b>19,637,431</b> |
| <b>Financial liabilities</b>     |                               |                           |                   |
| Trade and other payables         | 24,760,388                    | -                         | 24,760,388        |
| Lease liabilities                | 4,528,691                     | -                         | 4,528,691         |
| Derivative financial liabilities | -                             | 3,053,097                 | 3,053,097         |
|                                  | <b>29,289,079</b>             | <b>3,053,097</b>          | <b>32,342,176</b> |

All financial instruments are classified as level 2 financial instruments in the fair value hierarchy, with the exception of derivative financial assets and liabilities and borrowings which are level 2 financial instruments.

#### Capital management policy and procedures

The Company's capital management objectives are:

- to ensure that the Company will be able to continue as a going concern (see note 3.1); and
- to maximise the income and capital return to the Company's shareholders.

The Company is subject to the following externally imposed capital requirements:

- as a public limited company, the Company is required to have a minimum issued share capital of £50,000; and
- as a company regulated by the Payment Service Regulations 2009, the Company is required to maintain a capital requirement of either 10% of overheads for the preceding year or the initial capital requirement of €20,000, whichever is the higher.

The Company has complied with these requirements.

# FairFX PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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### 22. Share options

At 31 December 2020 the Company participated in a group share option scheme.

The Company has an equity-settled share-based payment scheme allowing certain Directors and employees to acquire shares of the parent company Equals Group PLC. As the services are received by the Company this has been accounted for as an expense in the statement of comprehensive income, with a corresponding amount recognised in equity. The charge to the statement of total comprehensive income was £444,129 (2019: £122,609) with a corresponding amount recognised in equity.

Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value of options granted has been calculated with reference to the Black-Scholes option pricing model.

### 23. Related party transactions

Related parties include key management who are responsible for controlling and directing the activities of the Company.

The key management compensation is as follows:

|   | 2020           | 2019           |
|---|----------------|----------------|
|   | £              | £              |
| Salaries, fees and other short-term employee benefits | 422,158        | 544,500        |
| Post-employment benefits                              | 3,503          | 1,919          |
|   | <u>425,661</u> | <u>546,419</u> |

# FairFX PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 23. Related party transactions (continued)

Intercompany transactions and balances with the rest of the Group:

| 31 December 2020                     | Due from<br>2020<br>£                     | Due to<br>2020<br>£              | Due from<br>2019<br>£ | Due to<br>2019<br>£                                   |
|--------------------------------------|---|----------------------------------|-----------------------|---|
| <b>Balance sheet</b>                 |   |                                  |                       |   |
| Equals Group PLC                     | 757,562                                   | -                                | -                     | (19,134,675)  |
| Equals Connect Limited               | 231,079                                   | -                                | 230,983               | -   |
| Equals Pay LLC                       | -   | (785)                            | -                     | -   |
| City Forex Limited                   | -   | (127)                            | -                     | -   |
| FairFX (UK) Limited                  | -   | (1)                              | -                     | -   |
|                                      | <u>988,641</u>                            | <u>(913)</u>                     | <u>230,983</u>        | <u>(19,134,675)</u>                                   |
|                                      | <b>Receivable<br/>from<br/>2020<br/>£</b> | <b>Payable to<br/>2020<br/>£</b> |                       | <b>Currency and<br/>cost recharges<br/>2019<br/>£</b> |
| <b>Income statement</b>              |   |                                  |                       |   |
| Equals Group PLC                     | 1,122,497                                 | -                                |                       |   |
| Spectrum Payment Services<br>Limited | 52,274                                    | 844,455                          |                       |   |
| Equals Connect Limited               | 80,234                                    | 108,384                          |                       |   |
| Equals Pay LLC                       | -   | 105,597                          |                       |   |
|                                      | <u>1,255,005</u>                          | <u>1,058,436</u>                 |                       | <u>1,962,251</u>                                      |

All related party transactions and balances are priced and settled on an arm's length basis except for cost recharges, which are priced and settled at original cost. None of the other balances are secured or guaranteed. No expense has been recorded for bad or doubtful debts in respect of amounts owed to related parties in the current or prior year.

Amounts owed by and to related parties are disclosed in notes 15 and 19 respectively.

### 24. Ultimate controlling party

Equals Group PLC is the Company's ultimate parent company and is considered by the Directors to be the ultimate controlling party. The largest and smallest group in which the results of the Company are consolidated is that headed by Equals Group PLC. Copies of the consolidated financial statements may be obtained from <https://www.equalsplc.com/content/investors>.

### 25. Post balance sheet events

On 1 January 2021, the UK Brexit transition period ended and the UK was therefore no longer a member of the European Union (EU) single market and customs union. The impact on the Company is considered to be limited as it has no significant customer activity in the EU and does not acquire any goods or services from the EU. The wider Group is considering alternative access arrangements to the EU and these will be shared with the Company if and when they become available.